Labour Market

NOTES ■ September 2012

Unemployment rate drops to lowest level in almost four years

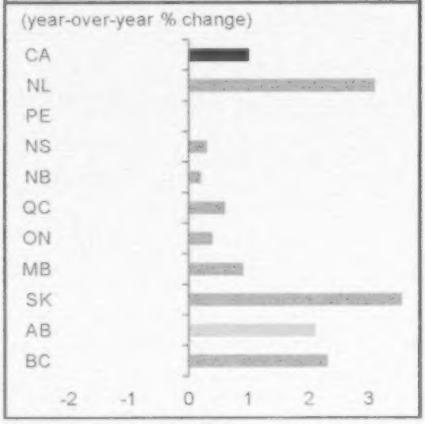
Alberta

- Unemployment rate drops; tied for lowest in the country. The job gains combined with a decline in the labour force lowered Alberta's unemployment rate to 4.4%, the lowest level since November 2008. Alberta currently shares the lowest rate in the country with Saskatchewan and remains well below the national average of 7.3%.
- The province continues to add jobs. Alberta created 3,900 jobs in August, following a gain of 5,800 jobs in July. August's increase was due to a gain in full-time positions (5,700), while part-time positions declined (-1,700). Alberta has added 43,300 jobs since August 2011, representing a 2.1% increase.
- Mining, oil and gas lead monthly job gains. The forestry, fishing, mining, oil and gas industry led the monthly job gains (4,800), however the overall goods sector lost 1,800 jobs in August. The services sector added 5,800 jobs, led by business, building, and other support services (4,700) and health care and social assistance (4,600). The industries posting the largest losses were construction (-9,200) and public administration (-5,400).
- Weekly earnings jump 1.5%. Average weekly earnings increased an impressive 1.5% in June, following a 0.4% loss in May. Alberta employees earned on average $1,070.68 per week in June, a level $172.68 higher than the national average. Earnings were 2.7% higher in the first half of 2012 compared to the same period last year.

Canada

- National job numbers rebound in August. Canada gained 34,300 jobs in August offsetting a loss of 30,400 in the previous month. Gains were concentrated in Quebec (32,500) and British Columbia (14,900), while Ontario (-24,900) posted the largest loss. Canada has added 176,600 jobs (+1.0%) over the last 12 months.
- Unemployment rate unchanged. Despite the August job gain, the Canadian unemployment rate remained unchanged at 7.3% due to more people searching for work.
- Weekly earnings post a decent gain. Canadian average weekly earnings were $898.00 in June, up 3.0% compared to the same month a year ago. National earnings growth was fueled by year-over-year growth in Newfoundland and Labrador (7.0%) and Saskatchewan (6.6%).

Employment Growth by Province, August 2012 vs. August 2011



Source: Statistics Canada

Alberta Labour Market Indicators

Indicator	August or Latest*
Employment	2,153,900
month-over-month change	3,900
year-over-year % change	2.1%
Alberta Unemployment Rate (UR)	4.4%
Edmonton UR**	4.5%
Calgary UR**	4.8%
Participation Rate	73.2%
Average Weekly Earnings (AWE)*	$1,070.68
year-over-year % change*	4.1%
Average Hourly Wage	$27.02
year-over-year % change	7.4%
Job Vacancy Rate**	3.4%

Source: Statistics Canada

* All data is from the Labour Force Survey for August except AWE, which is from the June Survey of Employment, Payrolls and Hours (SEPH), and the job vacancy rate which is from the May SEPH.

** This indicator is calculated as a three-month moving average.

How tight is Alberta's Labour Market?

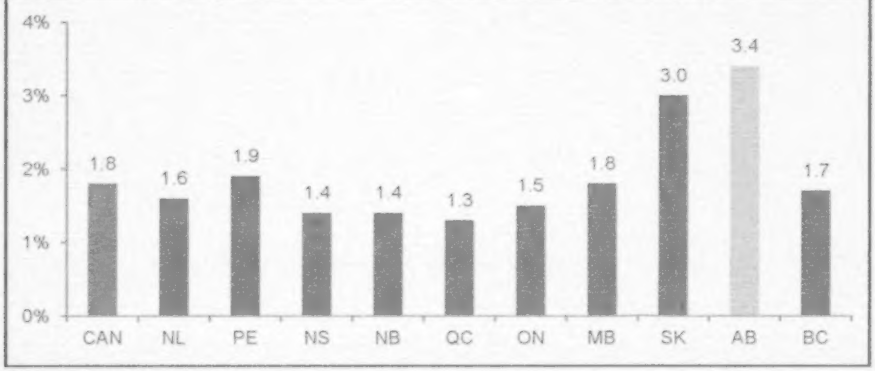
A more complete picture

With Alberta's economy gaining strength there is renewed interest in how much the labour market is tightening. New data from Statistics Canada are available that offer insight into an area of Alberta's labour market that was previously unmeasured. The data looks at job vacancies, which measures how employers' demand for workers is being met. This information has been an important gauge of the labour market in the U.S. and other countries for many years.

Limitations of existing measures

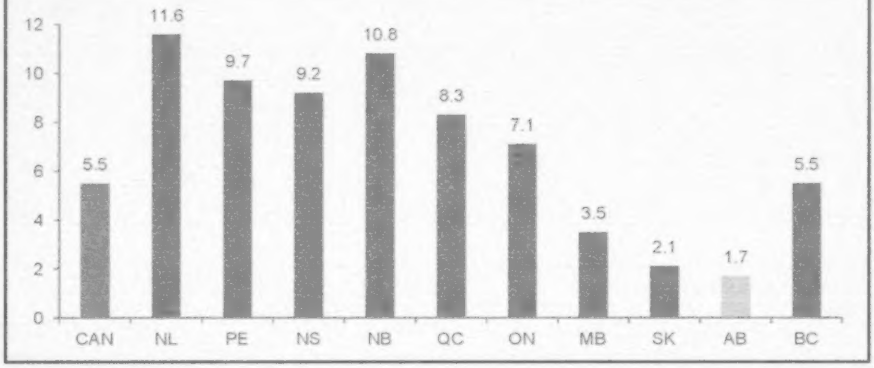
The labour market is considered "tight" when the supply of workers struggles to keep up with demand. Traditionally the unemployment rate has been used to measure labour tightness. However, one major drawback is that the unemployment rate does not measure how difficult it is for employers to find workers. As a result, the unemployment rate does not give a complete picture of how tight the labour market is.

Job Vacancies rate, 3-month average ending May 2012



Source: Statistics Canada

Unemployment-to-Job Vacancies ratio, 3-month average ending May 2012



Source: Statistics Canada

New data offers fresh insight

Job vacancies provide a sense of how tough it is for employers to fill jobs and how many jobs they need filled. Statistics Canada asks employers two questions: "did you have any vacant positions on the last business day of the month, and how many?" To better understand job vacancies data, Statistics Canada calculates two ratios: job vacancies rate and the unemployment-to-job vacancies ratio.

The job vacancies rate is the number of vacant jobs as a percentage of labour demand (unfilled job positions plus filled job positions). If the job vacancy rate is high it means there are many empty or unfilled job positions. Chart 1 shows that Alberta's rate of 3.4% is the highest in Canada and is almost double the national rate.

The unemployment-to-job vacancies ratio is the number of unemployed people divided by the number of vacant job positions. In other words, how many unemployed people there are for every job opening. A low ratio means there is low unemployment and/or many job openings. Chart 2 shows Alberta is also a leader in this indicator with only 1.7 unemployed people for each job opening.

Conclusion

The job vacancies data give us a broader understanding of the labour market. Combined with the traditional labour indicators we see that Alberta is experiencing tighter labour market conditions than the rest of Canada.

While job vacancies provide a more complete picture, there are still some limitations. We have less than two years of data so we cannot compare today's job vacancies with the data in Alberta's last period of acute labour market tightness (2005 to 2008). Also, we do not receive this data at the industry level for Alberta, making it difficult to determine if labour market pressures are confined to certain industries or are more broad-based.

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